

When Recorded, Return To:

Brian D. Cunningham, Esq.
SNELL & WILMER L.L.P.
Gateway Tower West
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

Ent 812453 Bk 756 Pg 378
Date: 19-OCT-2011 11:22:05AM
Fee: \$38.00 Charge
Filed By: KR
VIKKI BARNETT, Recorder
CARBON COUNTY CORPORATION
For: SOUTH EASTERN UTAH TITLE CO

Incoming
C/007/0047
K

SUBSTITUTION OF TRUSTEE

BRIAN D. CUNNINGHAM, ESQ., of Snell & Wilmer L.L.P., 15 West South Temple, Suite 1200, Salt Lake City, Utah 84101, is hereby appointed successor trustee ("*Successor Trustee*") under that certain Leasehold Deed of Trust with Assignment of Rents, from **CARBON RESOURCES, LLC**, as trustor, to **SOUTH EASTERN UTAH TITLE COMPANY**, as original trustee, for the benefit of **PCM VENTURE II, LLC** ("*Beneficiary*"), dated December 12, 2005 and recorded on December 12, 2005 in the official records of Carbon County, Utah as Entry No. 114848 in Book 607, beginning at Page 774, describing that certain real property and related improvements more particularly described as follows:

See Exhibit A attached hereto and made a part hereof by reference.

Pursuant to Utah Code Annotated § 57-1-22(1)(c), the undersigned does hereby ratify and confirm any and all actions taken for or on behalf of Beneficiary by Successor Trustee prior to the date of the recordation of this instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

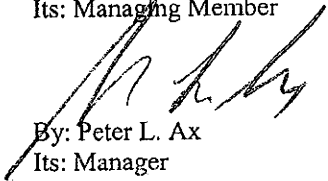
RECEIVED
OCT 31 2011
ATTORNEY GENERAL
Natural Resources Division

Dated this 17th day of October, 2011.

BENEFICIARY:

PCM VENTURE II, LLC
a Delaware limited liability company

By: CARBON MANAGEMENT, LLC
Its: Managing Member


By: Peter L. Ax
Its: Manager

STATE OF Arizona)
) ss:
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me on October 17, 2011, by Peter Ax, a Manager of PCM VENTURE II, LLC, a Delaware limited liability company, for and on behalf of such company.



NOTARY PUBLIC

[Seal]



EXHIBIT A
LEGAL DESCRIPTION

That certain real property located in Carbon County, State of Utah, more particularly described as follows:

Township 12 South, Range 7 East

Section 33: S $\frac{1}{2}$ of the SW $\frac{1}{4}$; S $\frac{1}{2}$ of the NW $\frac{1}{4}$; SW $\frac{1}{4}$ of the NE $\frac{1}{4}$; N $\frac{1}{2}$ of the S $\frac{1}{2}$; S $\frac{1}{2}$ of the SE $\frac{1}{4}$

Section 34: All

Section 35: All

Section 36: All

Township 13, Range 7 East

Section 3: NW $\frac{1}{4}$

Section 4: All

Section 5: E $\frac{1}{2}$ of the E $\frac{1}{2}$

Section 9: N $\frac{1}{2}$ of the NW $\frac{1}{4}$

Section 16: SE $\frac{1}{4}$ of the NW $\frac{1}{4}$; E $\frac{1}{2}$ of the SW $\frac{1}{4}$; SW $\frac{1}{4}$ of the NE $\frac{1}{4}$; W $\frac{1}{2}$ of the SE $\frac{1}{4}$

Section 21: SE $\frac{1}{4}$; E $\frac{1}{2}$ of the SW $\frac{1}{4}$

Section 28: E $\frac{1}{2}$; E $\frac{1}{2}$ of the W $\frac{1}{2}$

Section 33: E $\frac{1}{2}$ of the NE $\frac{1}{4}$; SW $\frac{1}{4}$ of the NE $\frac{1}{4}$; NE $\frac{1}{4}$ of the SE $\frac{1}{4}$

All in SLB&M, Carbon County, Utah.

Together with all right title and interest in and to the coal pursuant to the Carbon Sublease lying beneath the foregoing described tract of land in Carbon County, State of Utah and all coal severed; and, to the extent of their ownership therein, all right title and interest in and to all buildings, fixtures, and improvements thereon; all waters and water rights on, relating, or appertaining thereto; all easements, licenses and rights of way relating or appertaining thereto; all rents, issues, royalties, income and profits; all awards made for taking by eminent domain or any proceeding or purchase in lieu thereof; the proceeds of any insurance; all tenements, hereditaments, rights, privileges, and appurtenances belonging or relating thereto or any improvements thereon all other rights and interests of Trustor now or hereafter held in personal property that is now or hereafter located on or used in connection with the Property or the Improvements, including, without limiting the foregoing, all of Trustor's present and future "Accounts," "Cash Proceeds," Chattel Paper," "Collateral," "Deposit Accounts," "Electronic Chattel Paper," "Equipment," "Fixtures," "General Intangibles," "Goods," "Instruments," "Inventory," "Investment Property," "Letter-of-Credit Rights," "Noncash Proceeds," and

"Tangible Chattel Paper" (as such terms are defined in the *Utah Uniform Commercial Code*, U.C.A. §§ 70A-1-1 *et seq.*), all personal property and rights and interests in personal property of similar type or kind hereafter acquired by Trustor.

RECEIVED

OCT 31 2011

When Recorded, Return To:

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SNELL & WILMER L.L.P.
Gateway Tower West
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

ATTORNEY GENERAL
Natural Resources Division

SN 812454 M 755 P 382
Date: 19-OCT-2011 11:23:32AM
Fee: \$36.00 Charge
Filed By: KR
VIRRI BARNETT, Recorder
CARBON COUNTY CORPORATION
FOR: SOUTH EASTERN UTAH TITLE CO

NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST

NOTICE IS HEREBY GIVEN THAT: BRIAN D. CUNNINGHAM, ESQ., an active member of the Utah State Bar residing in the State of Utah, is the Successor Trustee ("Trustee") under that certain Leasehold Deed of Trust with Assignment of Rents, from CARBON RESOURCES, LLC, as trustor, to SOUTH EASTERN UTAH TITLE COMPANY, as original trustee, for the benefit of PCM VENTURE II, LLC ("Beneficiary"), dated December 12, 2005 and recorded on December 12, 2005 in the official records of Carbon County, Utah as Entry No. 114848 in Book 607, beginning at Page 774 (as amended and modified from time to time, the "Deed of Trust").

The Deed of Trust describes and encumbers that certain real property described on Exhibit A hereto (which is incorporated herein and made a part hereof) and all related buildings and improvements and certain personal property more particularly described in the Deed of Trust (collectively, the "Property").

The Property, in accordance with the terms of the Deed of Trust, secures obligations, including, but not limited to, that certain Secured Promissory Note dated December 12, 2005 (as amended, the "Note"), from Trustor in favor of Beneficiary, in the original principal amount of THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00), plus interest thereon and costs and expenses of collection and other amounts provided therein, including attorneys' fees and Trustee's fees.

A breach of, and default in, the obligations for which such Deed of Trust is security has occurred in that Trustor failed to pay the unpaid principal balance of said Note which became due on the scheduled maturity date of December 12, 2010, together with accrued interest, late charges, and other loan charges as required by the Note and other loan documents.

By reason thereof, Beneficiary has executed and delivered to Trustee a written request to file a Notice of Default and Election to Sell Under Deed of Trust ("Notice of Default"), and has deposited with Trustee the Deed of Trust and all documents evidencing obligations secured thereby. Wherefore, Trustee has elected to cause the Property to be sold to satisfy the obligations secured thereby, *i.e.*, the outstanding principal balance of the Note plus interest due thereon until paid, plus applicable late charges, if any, and all expenses of collection and sale, including attorneys' and Trustee's fees, and all other amounts secured by the Deed of Trust.

Pursuant to §70A-9a-604, *Utah Code Annotated*, Beneficiary has elected to include in the non-judicial foreclosure of the estate described in this Notice of Default all of the personal property and fixtures described in the Deed of Trust and in any other instruments in favor of Beneficiary. Beneficiary reserves the right to revoke its election as to some or all of said personal property and/or fixtures, or to add additional personal property and/or fixtures to the election herein expressed, at Beneficiary's sole election, from time to time and at any time until the consummation of the trustee's sale to be conducted pursuant to the Deed of Trust and this Notice of Default.

The undersigned disclaims any responsibility for any error in the description of the physical address or legal description of the Property. Trustee can be reached at the address listed above or by telephone at (801) 257-1900, between the hours of 9:00 a.m. to 5:00 p.m. Monday through Friday, excluding legal holidays.

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OCT 31 2011

ATTORNEY GENERAL
Natural Resources Division

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Dated this 13th day of October, 2011.

TRUSTEE:


BRIAN D. CUNNINGHAM, ESQ.

Snell & Wilmer L.L.P.
Gateway Tower West
15 W. South Temple, Suite 1200
Salt Lake City, Utah 84101
Phone: 801-257-1900
Office Hours: 9:00 a.m. – 5:00 p.m. Monday through
Friday, excluding legal holidays

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me October 13th, 2011 by BRIAN D. CUNNINGHAM, ESQ., as Trustee.


NOTARY PUBLIC

[Seal]

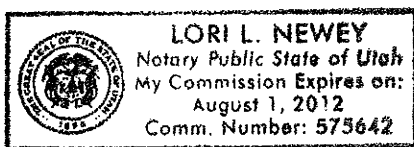


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All in SLB&M, Carbon County, Utah.

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